

## **A State Government Perspective on the Bavarian Environmental Pact**

Speech by Dr. Werner Schnappauf

Bavarian State Minister of Environment, Health and Consumer Protection, April 2003

*At a conference of businesses and industries participating in the Environmental Pact*

I welcome this opportunity to summarize the mid-term highlights of the Environmental Pact II.

We can see that the Environmental Pact is the most successful environmental partnership in Germany.

What started as a pilot program in 1995 has now become a powerful declaration for Bavarian State and Industry cooperative environmental protection.

Every single participating business in the Environmental Pact contributes to its success. Therefore I want to thank each of the participants; especially those here today. Today's conference is a powerful example of our determination to work together and not against each other.

Three basic principles define the Environmental Pact: Voluntary enrollment, self-responsibility, and cooperation.

That is why we want deregulation and de-bureaucratization. That means more environmental protection with less bureaucracy. Maintain environmental quality, and expand it where possible, but with less effort and less cost.

We want to strengthen the self-responsibility of the individual. That is why we are not pushing for State government solutions, but rather for societal, cooperative, and self-responsible solutions. What the individual can do, he must do himself. The concept of "responsibility at the lowest level" must also be effective in environmental protection.

State government sees environmental protection as a timeless and permanent job. The central theme of a sustainable environmental policy is global warming. Global warming is a thread that weaves its way through all aspects of Bavarian Environmental Policy.

That is why we have included several measures to ensure greater climate protection in Environmental Pact II. Bavaria is already the leading climate protection state in Germany. Per capita CO<sup>2</sup> emissions are already the lowest of all the states.

Yet we want to expand our leadership role. That's why we agreed in Environmental Pact II to reduce CO<sup>2</sup> emissions by an additional 10 million tons by 2010.

To attain this ambitious goal, we have established a "Climate Dialogue" forum with Industry where we coordinate pilot projects and develop new incentives to reduce CO<sup>2</sup> emissions. Thanks to the Climate Dialogue, we have developed a unique European-wide CO<sup>2</sup> monitoring system. It

allows participants a standardized method of monitoring their CO<sup>2</sup> emissions. We thereby provide a concrete tool for businesses to prepare for much talked about emissions trading.

This year we hope to open an office in Augsburg to assist businesses involved in emissions trading.

In this regard, I'd like to make note of General Secretary Day being present and would like to make a request to the Commission. The proactive and impressive efforts of the state of Bavaria should be highly regarded when discussions are held in Brussels about emissions trading allocations.

We want to combine environmental practicality with economic productivity in the Environmental Pact. It is especially important, even in our current difficult economic times, to uphold our environmental standards, but it should be simple and cost effective to be in compliance with those standards. We cannot step backwards. Our goals are towards continued improvement. However, we should strive for improvements where it makes economic sense.

Our greatest goal is therefore – better environmental protection and economic growth at the same time.

The blending of ecology and economy opens a tremendous potential for economic advantages in the range of billions of Euros. Experts have calculated that savings resulting from targeted environmental management can range from 2 to 5 % of the total operating costs of a business. In Bavaria alone that could amount to savings of 3 to 8 billion Euros per year.

Sustainable development raises the competitive edge of a business. Businesses that invest in environmental protection not only do “good” for the environment. They also lower their costs. They excite their customers, lower their overall risks, improve their standing on global warming, and contribute to a better community and a better quality of life.

In other words: It pays to protect the environment – for everyone.

And this can be proven by all the businesses in Bavaria that have successfully implemented Environmental Management Systems (EMS) or Eco-Audits (EMAS). Today, the State of Bavaria has the highest number of businesses with EMS, 510, nearly one fifth of all German businesses. Bavaria is also the leading German state with respect to businesses with ISO 14000 international certification.

We have an ambitious goal in Environmental Pact II that by 2005, we will increase by 50% the number of manufacturing facilities with EMS.

We strive to remain the leader in the EMS movement in the future as well. To encourage small and medium sized businesses to venture into the EMS realm, we have developed a simplified and less costly environmental management system for this group of business, a so-called “EMS-light.”

Closely tied to the introduction of EMS are our activities related to streamlining and simplifying regulation.

We want more environmental protection with less bureaucracy.

Intensive discussions are also being held at the European Union (EU) level. In the near future, a European Parliament position will be announced regarding the societal responsibility of businesses. At its core will be that “businesses do not need regulatory controls to meet their good-corporate-citizen responsibilities.” (FAZ 08.04.03)

Even in its early beginnings, the predominant characteristic of the Environmental Pact was the strengthening of industry’s self-responsibility through decreased regulatory control and reporting.

Currently we are evaluating all options for simplifying Environmental Law. Results of this study will be presented in the context of the “Henzler Commission.”

Initial thoughts have already been presented:

Just yesterday I suggested to the Federal Environmental Minister that the collection of environmental statistics be eliminated and industrial reporting be reduced.

We have to give businesses the freedom to concentrate on their products and processes. This requires action by the federal government as well as the EU.

A working group of the Bavarian Environmental Ministry is currently working on additional suggestions.

For example, we are evaluating the possibilities of waiving special environmental procedures or integrating environmental impact analyses into overall approval processes.

In addition, we are offering financial incentives for businesses that accept self-responsibility for environmental protection. State government has also set new measures in this regard.

As early as 2001, air emission fees for all EMAS-registered industries were lowered by 30%. We are extremely proud of this accomplishment, as we were the first state in Germany to reduce these fees for EMAS registered businesses.

Additional reductions for wastewater discharges and waste disposal fees are also being intensively studied.

Another area of emphasis in Environmental Pact II is “Integrated Product Policy.” The goal of IPP is to incorporate energy and environmental costs of a product at its earliest stage of development. In other words, a life-cycle analysis is performed. This kind of strategy saves energy and raw materials, avoids waste and toxics, and reduces societal and business production costs.

Long-lived, repairable goods are sustainable in the best sense of the word. Truly durable goods that are passed on from generation to generation are “in” again, as opposed to short-lived and throw-away consumer goods.

Bavaria is supporting sustainable production methods with numerous measures:

- We have published guidance titled: IPP – Automotive Vehicles
- Sponsored an internet discussion group: IPP-bayern.de
- A working group to discuss IPP at the European Commission level.

Currently there are eleven IPP research initiatives in four production branches, including the automobile industry, construction industry, and trades. State government is assisting with methodology, technology, and instrumentation basics of IPP.

We owe the undisputable success of the Environmental Pact II to you ladies and gentlemen, your businesses, and your employees. All kinds of companies from “Global players” to small independent businesses are participating in Environmental Pact II.

Our ambitious goal 2 ½ years ago, was to bring 3,000 businesses on board by 2005. At this halfway point we have already surpassed our goal – over 3,400 businesses have joined the Environmental Pact II.

I especially want to thank the Trades representatives.

The roughly 1 million Crafts and Trades employees in 160,000 companies represent the solid foundation of the Bavarian economy.

The trades industry has shown itself to be extremely engaged in the Environmental Pact II. It represents 75% of the participants. Sustainable development has always had a good tradition in the trades.

Bavarian state governments honors this engagement further:

- We continue to provide financial support to hire EMS consultants and contractors.
- We have opened an office in the Mittel Franken County Chamber of Commerce to house the Organization of Environmentally Conscious Trade Businesses. Our goal is to achieve 400 specific certifications by 2005.
- We have continued working with Trades organizations to promote the hiring the EMS consultants.

The Environmental Pact Bavaria means environmental protection “with the business community.” This Bavarian way of cooperative environmental protection with the business community has become a model for similar initiatives in other German States. More than half of the states have followed our example, and recently the City of Hamburg successfully entered into a cooperative agreement with its business community.

While the federal government assumes its' own unilateral solution using centralized, controlled and bureaucratic means, the Bavarian government on the other hand uses a multi-responsibility approach encompassing State government, the business community, and partnerships.

The Bavarian Government will hold fast to its chosen and successful path of cooperative environmental protection.

As in 1995 and 2000, we seek continuation of the Environmental Pact in 2005.

The Bavarian Environmental Pact is a practical and proven example of the "global compact" presented in Johannesburg in 2002 by the UNO General Secretary.

Our cooperative model of environmental protection is substantially better than others that define environmental protection by paragraphs and articles. That is why I am calling on an Environmental Pact for all of Germany.

Saving God's creation for our children and grandchildren is everybody's responsibility.

Let's continue to work for the future of our State, for sustainable development.

*Translated by Annette Weissbach  
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